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# Standing Committee on Resources Development

## Report on Plant Closures and Community and Employee Adjustment

3rd Session 33rd Parliament  
36 Elizabeth II





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STANDING COMMITTEE ON  
RESOURCES DEVELOPMENT



COMITÉ PERMANENT DU  
DÉVELOPPEMENT DES RESSOURCES

LEGISLATIVE ASSEMBLY  
ASSEMBLÉE LÉGISLATIVE

The Honourable Hugh Edighoffer, M.P.P.,  
Speaker of the Legislative Assembly.

Sir,

Your Standing Committee on Resources Development has the honour to present its Report on Plant Closures and Community and Employee Adjustment and commends it to the House.

A handwritten signature in cursive script that reads "Floyd Laughren".

Floyd Laughren, M.P.P.  
Chairman

Queen's Park  
June, 1987



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LAURENCE SOUTH  
K. ROSS STEVENSON  
BUD WILDMAN

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**Todd J. Decker**  
Clerk of the Committee

**Albert Nigro**  
Research Officer



**MEMBERSHIP OF THE STANDING COMMITTEE ON  
RESOURCES DEVELOPMENT**

**DURING HEARINGS INTO THE MATTER OF  
PLANT CLOSURES AND COMMUNITY AND EMPLOYEE ADJUSTMENT\***

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\* Conducted during the Recess between the 2nd and 3rd Sessions,  
33rd Parliament

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## INTRODUCTION

On November 24, 1986, pursuant to Standing Order 37(a), the Legislative Assembly of Ontario set aside its ordinary business in order to debate a matter of urgent public importance, that being the announced closure by Goodyear Canada Inc. of its manufacturing plant in Metropolitan Toronto, with the attendant loss of 1,550 jobs. Following from this emergency debate, on December 11, 1986 the House ordered the Standing Committee on Resources Development to review the circumstances of this closure and of the closures of other manufacturing facilities, particularly in Northern Ontario.

The Committee began three weeks of hearings on this question on February 17, 1987. Although the Committee acknowledges that three weeks is a very short time in which to deal with an issue of such importance, it concluded that the matter could be properly considered in the circumstances because of the work already done by two other committees.

In late October of 1980, the Legislature referred the "matter of plant closings and related issues" to a Select Committee on Plant Shutdowns and Employee Adjustment. The Committee submitted its Interim Report to the Speaker on December 12, 1980 and a draft final report was circulated to the Members of the Committee at the end of January 1981. Before that report could be considered, the House was dissolved and an election called. Following the election in March 1981, the Select Committee was not reconstituted, although its draft report was tabled in May 1981. The Standing Committee on Resources Development had the opportunity to consider the work and reports of the Select Committee and specifically to review the recommendations found in the final draft report. In addition, Mr. Bob MacKenzie, MPP, Hamilton East, having served on the Select Committee, provided particular assistance. The present Standing Committee was therefore able to build on this base and occasionally makes reference to the work of the Select Committee in the text of this report.

The second report which proved to be invaluable to the Standing Committee was the Final Report and Recommendations of the Advisory Committee on Resource Dependent Communities in Northern Ontario, referred to as the Rosehart Committee Report. This Committee, established by Order-in-Council in December 1985, examined the current situation and future outlook for resource dependent communities in Northern Ontario, current private sector practices with respect to plant and mine layoffs and closures, and the effects of these layoffs and closures on residents and municipal governments. Not only was the Standing Committee able to rely on the excellent report of the Rosehart Committee, but it also benefited greatly from sharing two members with the Rosehart Committee – Mr. Jack Pierce, MPP, Rainy River and Mr. Bud Wildman, MPP, Algoma. Frequent reference to the Rosehart Report and its recommendations may be found in the text of the Standing Committee's work.

The Committee was assisted in its work by presentations from the Ministries of Labour, Northern Development and Mines, Industry, Trade and Technology, and Treasury and Economics. In its hearings in Toronto, the Committee heard from both management and union officials from the Goodyear tire plant and from major umbrella groups representing both employers and trade unions. The Committee also conducted hearings in Windsor, Thunder Bay and Sudbury. The Committee greatly appreciates the assistance given by these witnesses. Although their numbers do not permit that they be thanked individually, a list of all witnesses who appeared before this Committee is appended to this report. The Committee does, however, specifically want to thank those individuals, groups, trade unions and company officials who appeared before it in Northern Ontario to explain with clarity and in detail the unique problems faced by resource industries, and by the workers and the communities which are dependent on them.

The Committee also wishes to thank its own staff – Committee Clerk, Todd Decker, and Research Officer, Albert Nigro – for their assistance with its work.

Several themes emerge in this report. Among the more significant ones are:

- 1) an employer must inform the Ministry of Labour as soon as possible when a plant closure or major layoff is anticipated;
- 2) severance pay protection must be increased and a wage loss insurance fund must be implemented;
- 3) a comprehensive employee adjustment program in all plant closures or major terminations must be put into place and must include a community adjustment component;
- 4) when a major layoff is planned, an employer must consult with employees, the community and senior levels of government;
- 5) the structural problems in Northern Ontario's economy are different from those facing the rest of the province and require immediate and unique solutions; and
- 6) an effective response to layoffs includes a comprehensive approach to labour market planning based on, among other things, better information.

The recommendations in this report are addressed primarily to the Ministry of Labour and to the Ministry of Northern Development and Mines (which would bear the major responsibility in coordinating the recommendations on the North). Although the recommendations are not legally binding on the Government, it is sincerely hoped that they will be discussed and implemented.

## NOTICE OF TERMINATION

When an employee is terminated, he or she is afforded protection by way of notice of termination and, in certain circumstances, severance pay under the Employment Standards Act. That Act also contains special notice requirements that apply in the case of major terminations such as a plant closure. All such safeguards are, however, limited to the termination situation and do not apply where the cessation of employment is classified as a temporary layoff. As noted in the Rosehart Committee Report, there is some controversy, especially in the resource sector, surrounding the working definitions of permanent and temporary layoffs.

In the existing regulation, "termination of employment" is defined as including a layoff which lasts longer than a temporary layoff. While a "temporary layoff" is generally a layoff of not more than 13 weeks in any period of 20 consecutive weeks, the regulations also permit a layoff longer than 13 weeks to be temporary (where, for example, the employee receives or is entitled to receive supplementary unemployment benefits or is recalled by the employer within the time fixed by the Director of Employment Standards).

While the Committee appreciates the need for a certain flexibility in distinguishing between a temporary layoff and a termination, it is concerned that the present situation can result in employees losing the protections afforded under the Act, although facing a layoff of longer than 13 weeks. The Committee does not deny that there are circumstances where treating such layoffs as temporary might be appropriate, but it emphasizes that the distinction between temporary and permanent layoffs (or terminations) should be clear and that, in most circumstances, layoffs of greater than 13 weeks should be treated as terminations, unless a return to work date is specified.



As regards major terminations and plant closures, the Committee frequently heard that neither employees nor government receive official notice of the closure as quickly as might be desirable. The Committee is of the view that sufficient notice is an important ingredient in any effective employee adjustment plan. Early notice allows employees and their representatives to enter into negotiations with the company to ameliorate the worst hardships facing laid off workers. It also provides government with an opportunity to assist in both employee and community adjustment. And finally, it is necessary for effective labour market planning.

The Committee was surprised to hear of the lack of involvement of the Ontario Ministry of Labour in the adjustment committee established at the Goodyear tire plant in Etobicoke (whose shutdown forms part of the Committee's mandate). According to Mr. Birell and Mr. Lang, President and Vice-President respectively of the United Rubber Workers local at the plant, the federal government is involved – indeed, the cost of the employee adjustment committee is being split on a 60-40 basis between the federal government and the company. To the knowledge of these union officials, however, the provincial Ministry of Labour has had no involvement in this process. Individual members of the Committee, on the other hand, were aware of shutdowns and major terminations where there had been a coordinated effort between the two senior levels of government and where provincial funds had been made available to assist in financing employee adjustment programs. The Committee therefore concludes that employers must be obliged to inform the Ministry of Labour of potential terminations and closures as soon as possible. Moreover, the Ministry itself must be responsive to such situations – it must be prepared to offer assistance on its own as well as to coordinate adjustment efforts with the federal government and the local community.

In further considering what role government might play in dealing with plant closures, it became readily apparent to the Committee that labour market planning was an essential aspect of any effective governmental response. While this issue is more fully explored in the chapter dealing with employee retraining, the question of notice arises here as well. It is the Committee's view that not only should the Ministry of Labour be informed of a major

termination, but any layoffs involving 10 or more employees should also be reported to the Ontario Manpower Commission. The purpose of such a reporting requirement is intended not so much to respond to a specific termination as it is to assist a revitalized Manpower Commission (as discussed below) to carry out effective labour market planning.

The Rosehart Committee made two recommendations (numbered 76 and 77) that dealt with notice of termination and severance pay. That Committee recommended that, in the North, advance notice for permanent layoffs over a six month period be required as follows: 50 or more workers – six months' notice; 25 to 49 workers – three months' notice; and 10 to 24 workers – one month's notice. A second recommendation required compulsory severance pay for resource sector industries in Northern Ontario which have 50 or more permanently severed employees with at least one year of service. Both of these recommendations would result in increased protection for workers in Northern Ontario. The Standing Committee on Resources Development supports these suggestions and recommends that they be implemented.

### Recommendations

1. The definitions in the regulations under the Employment Standards Act must be amended to make a clear distinction between temporary and permanent layoffs (terminations). Specifically, the meaning of the term "temporary layoff" must be changed to make it more difficult to classify as "temporary" a layoff which lasts longer than 13 weeks. A layoff of longer than 13 weeks should normally be treated as a termination for purposes of the Employment Standards Act, unless a return to work date is specified.
2. All employers who are planning to close a plant or implement a major layoff must inform the Ministry of Labour as soon as possible. Officials from the Ministry must be available as early as possible to assist in any employee or community adjustment problems arising from the closure or terminations.
3. Legislation must require companies to report to the Ontario Manpower Commission employment terminations and layoffs involving 10 or more workers.

4. The Committee supports the Rosehart Committee's recommendations on extended notice (Recommendation 76 [part]) and severance pay protection (Recommendation 77) for workers in Northern Ontario. These recommendations read as follows:

The Ministry of Labour should review the Employment Standards Act and initiate the following change to the Act: that the advance notice requirement for permanent layoffs over a six-month period in the north be calculated as follows:

50 or more workers	- 6 months' notice
25 - 49 workers	- 3 months' notice
10 - 24 workers	- 1 month's notice

These above requirements would only apply to regular, year-round, full-time employment positions.

The Ministry of Labour should review the Employment Standards Act and initiate compulsory severance pay for resource sector industries in Northern Ontario which have 50 or more permanently severed employees with at least one year of service..

## SEVERANCE PAY

Because the Legislature was dissolved and an election called before its work was completed, the Select Committee on Plant Shutdowns and Employee Adjustment (1980-81) did not have the opportunity to formalize final recommendations covering the concerns over plant closures and employee adjustment that were raised during its hearings. In its Interim Report, however, the Select Committee did recommend that the Employment Standards Act be amended immediately to require a minimum severance pay of one week's wages for each year of employment for all layoffs of 50 or more weeks. (It is not clear from the text whether this severance pay requirement would apply only to layoffs resulting from plant closures or whether it would apply to all layoffs.) Notwithstanding the intervening election, in 1981 the Employment Standards Act was amended to include severance pay requirements.

Under the Act, two basic criteria must be met before an employer is required to pay severance pay: 50 or more employees must be terminated in a period of six months or less, and the termination must be caused by the permanent discontinuance of all or part of the business. In these circumstances a worker who has been employed for at least five years by that employer is eligible to receive severance pay of one week's wages per each year of employment up to a maximum of 26 years.

The Committee heard a great deal of evidence suggesting that employers are able to circumvent the severance pay provisions because of technical requirements of the section. The Committee was also asked to examine the criteria for eligibility for severance pay.

Perhaps the most graphic evidence the Committee heard on the question of eligibility for severance pay was presented by two officials from Local 544 of the United Electrical Workers, representing the former employees of Premier Plastics. The Committee was told that on December 9, 1985, the employees were given notice that the plant was to be closed on January 20, 1986. At that time, according to the union, there were between 52 and 55 workers employed in the plant. As of March 1987, none of these employees had received any severance pay. The apparent reason for failure to pay severance pay is a dispute over whether 50 or more employees were laid off because of



the closure. The union contends that at the time that notice was given, the employer verbally encouraged employees to seek other employment, implying that this action would not affect their eligibility for severance pay. According to the officials' testimony, six employees took advantage of this offer and left their employment at Premier Plastics before the actual closure date. Moreover, there also seems to be some dispute over the employment status of certain workers who were receiving compensation payments at the time of the closure. In the Committee's view, the inability of former employees of Premier Plastics to collect severance pay more than 14 months after the plant closed aptly illustrates some of the worst deficiencies in the present legislation.

It is the Committee's opinion that a number of changes are needed to strengthen the severance pay provisions in the Act. In the first place, the Committee recommends that severance pay be mandatory upon 20 employees or more being laid off in a six month period due to permanent discontinuance of all or part of the business. Further, the Act needs to be amended to prevent employers from avoiding the severance pay requirements by laying off fewer than the statutory number of employees in successive time frames. The Act should also be changed so that cumulative layoffs over a period of time can be considered and can result in the retroactive application of the severance pay provisions.

The testimony from the officials of the United Electrical Workers at Premier Plastics was not the only evidence presented by union officials on severance pay and which the Committee found disturbing. For example, the union representatives from the United Rubber Workers at Goodyear testified that the employer told them that any employee eligible for a reduced pension was excluded from severance pay requirements. The union then contacted the Employment Standards Branch, which assured it that a reduced pension eligibility did not disqualify an employee from receiving severance pay. Nevertheless, union officials were not sure that the company would accept this opinion at face value. The Committee is therefore of the view that the Ministry should enforce this provision requiring the payment of severance pay to an otherwise eligible employee who only receives a partial pension.

The Committee also heard evidence to the effect that statutory severance pay could result in awards to workers that are smaller than they might have received had they pursued the matter on an individual basis with the employer. The Windsor Chamber of Commerce pointed out that workers who had been terminated without notice had been awarded, by the Supreme Court of Ontario, up to 24 months' wages as damages in lieu of notice. This award was made in a situation where the plant closed and the Court rejected economic reasons as sufficient to terminate an employee without notice. It contrasts with the Act, where the maximum payment in lieu of notice is eight weeks when the termination involves 50 or fewer employees and 16 weeks with a major termination. In this situation, even if the employee were eligible for severance pay, the insolvency of the company (that is, economic reasons) might preclude recovery or permit only a partial recovery. In any event the total award would, in all likelihood, be smaller than that which the Court awarded in the example cited by the Windsor Chamber of Commerce.

The Committee was also told of the rather generous severance pay package offered to certain employees at Goodyear's head office. In addition to developing a scheme that allowed for early vesting of a full pension, the company gave such employees 1.6 weeks pay per year of service in a severance award up to a maximum of 52 weeks. Again, this can be contrasted with the statutory scheme (generally applicable to bargaining unit employees), where an employee with at least five years of service is eligible for one week's pay per year of service to a maximum of 26 weeks. In fairness to the employer, it should be noted that bargaining unit employees at Goodyear are to receive a severance pay award that is richer than the minimum required by the Act.

It is the Committee's view that the statutory severance pay protection, which most frequently applies to bargaining unit employees, should not be less than the protection afforded by the courts to employees who seek redress in that forum.

The Committee was also concerned over lack of protection afforded to both the termination pay (in lieu of notice) and severance pay of employees in cases of the insolvency or bankruptcy of the employer.

Similar concerns were expressed by the Rosehart Committee, which recommended that the government review the recommendations in the Brown Commission of Inquiry into Wage Protection in Insolvency Situations and that some type of severance and wage loss insurance fund be implemented by the Minister.

As for the Brown Commission Report referred to above, it recommended, among other things, the creation of a fund out of which claims of employees for unpaid wages and vacation pay could be paid. In the Brown Commission Report, however, the term "unpaid wages" explicitly excluded separation and termination pay.

This Committee agrees that a wage loss insurance fund needs to be established. In the Committee's view, however, such a fund must include severance pay and termination pay. In reaching this conclusion, the Committee also considered alternative methods of wage protection. Among these was the creation of a statutory or deemed trust which could be used to protect such monies. With the assistance of staff of the Ministry of Labour, it was concluded that this approach should be avoided because of potential constitutional problems. Constitutionally, there is no doubt that the province is competent to regulate the payment of wages and to create trusts. However, because bankruptcy is regulated federally, there may be some question as to the constitutionality of a statutory trust which could impinge upon federal jurisdiction in the field of bankruptcy.

As pointed out above, the Committee endorses the recommendation of the Rosehart Committee that there be compulsory severance pay for resource sector industries in Northern Ontario which have 50 or more permanently severed employees with at least one year of service.

### Recommendations

1. The Employment Standards Act should be amended so that the severance pay requirements apply where 20 employees or more are terminated over a period of six months or less due to the permanent discontinuance of all or part of the business.

2. The severance pay provisions in the Employment Standards Act should be amended to include a provision which would allow for the consideration of cumulative layoffs over an appropriate period of time and would allow for the retroactive application of the severance pay provisions in the proper circumstances.
3. The severance pay requirements must be vigorously enforced by the Ministry of Labour. Specifically, the Ministry should ensure that employees who receive a reduced pension are not denied their statutory right to severance pay.
4. The Government should examine the amount of severance pay awarded under the present Act. In no case should severance pay be less than the amount that the individual employee would have received had he or she sought redress through the courts.
5. The Government should establish a wage loss insurance fund. In addition to basic wages and vacation pay, such a fund should protect termination pay and severance pay.



## EMPLOYEE ADJUSTMENT

Two important ingredients that must be included in any effective response to a plant closure or major termination are a program for individual employee adjustment and a community adjustment scheme. The discussion in this section focuses on the needs of individuals who are affected, directly or indirectly, by a closure. Community adjustment is a separate section in the report and figures also in the Committee's discussion of the particular problems facing the North.

There is no doubt that once the decision to close a plant has been announced, employees must be permitted some flexibility in order to allow them to plan for their future, particularly their employment future; employers must develop sensitivity towards the needs of such employees. There is also a need for the enactment of certain statutory protections and the development of coordinated assistance programs. In this regard, the Committee particularly wishes to emphasize the importance of protecting the termination benefits package of an employee (that is, severance pay, increased pension eligibility, etc.) who leaves a plant after a closure announcement is made, but before the actual closure date, in order to accept a new job. The Committee heard that employees from the Goodyear tire plant who left before the May 31 closure date would not receive their benefit package, notwithstanding that they otherwise meet the eligibility requirements for the package. In the Committee's view, this places the individual in the untenable position of having to choose between the new job and the termination benefits package. Indeed, the Committee is of the opinion that employees whose jobs are to be terminated should be permitted to take time off for conducting job searches, and not be penalized for accepting new employment.

The special needs of a second group of employees were also brought to the attention of the Committee. Representatives from the United Rubber Workers local at Goodyear testified that approximately 200 employees of about 1600 at the plant were on light or modified duty as a result of work related disabilities or injuries. This number is quite high and would appear to be related to the heavy work at the plant. It is the Committee's view that special adjustment programs are needed for such workers when a plant is shut down.

Finally, although the Committee does not wish to focus on Goodyear Canada Inc. as providing an example of a particularly bad employer in dealing with a plant closure, one other specific problem arose from the evidence given by officials of that company. Company executives testified that they hoped to be able to open a new tire plant in southern Ontario some time in the near future, perhaps within two to five years. In response to questioning, they said that employees at the New Toronto plant could apply for positions at the new operation, but that they would not be given any preference over any other applicants in hiring – even though the company may seek both provincial and federal government assistance in starting up the new operation. In the Committee's view, where there are layoffs or plant closures, laid off employees must be given the preference in hiring for newly created employment opportunities at other plants operated by the employers in Ontario.

Given such problems, the Committee does not believe that protection of termination benefits, expansion of the right to recall, implementation of special programs for injured workers etc., constitute a sufficient response to plant shutdowns. Rather, a coordinated effort must be made in any plant closure situation to ensure that individual employee adjustment is meshed with such programs as job training assistance, mobility assistance and financial assistance. As previously recommended, officials from the Ministry of Labour must be available to aid in such adjustment programs as soon as possible after the Ministry has been informed of the closure.

In particular, the importance of counselling services to help individuals deal with problems arising from a mass layoff or closure cannot be understated. Although a wide variety of such services are available in southern Ontario, the same cannot be said of the North. Efforts must be made to ensure that such services are readily available to Northern communities facing layoffs. In all situations, counselling should be available not only for employees and their families but also to other members of the community who may well be faced with adjustment problems as serious as those of directly affected individuals.

The Committee would also like to support a recommendation made by the Rosehart Committee in this area. That Committee endorsed the concept of a personal adjustment plan being advocated by the federal government's Department of Energy, Mines and Resources. To assist with future personal relocation and adjustment, this plan would allow an individual living in a mining community to shelter from taxes monies saved in a special plan.

### Recommendations

1. Employees who leave a plant after notice of closure or major termination has been given but before the actual closure date should not be penalized by losing their eligibility to receive the termination benefits package.
2. Employees who are to be laid off because of a shutdown or major termination should be permitted to take time off in order to seek new employment.
3. Special programs should be introduced to protect employees who are on "light duty" when a plant is closed down.
4. Where layoffs or plant closings take place and where the employer owns or operates any other plants in Ontario, laid off employees should be given preference in hiring for newly created employment opportunities at those plants.
5. Comprehensive employee adjustment programs must be put into place at every closure or major termination. Such programs should include job counselling, mobility assistance, training programs and financial assistance. The Ministry of Labour should take a lead role in ensuring that such programs are established. This role may involve coordination of programs with the federal government.
6. The Ministry of Labour should take steps to ensure that counselling services are available to everyone affected by a plant closure. These services should not only be available to displaced employees and their families but also to all members of the community.
7. The Committee supports the endorsement by the Rosehart Committee of the concept of a personal adjustment plan advocated by the federal government's Department of Energy, Mines and Resources (Recommendation 74).

### JUSTIFICATION

Perhaps the issue which caused the most controversy during the Committee's deliberations was the question of whether an employer should be required to justify the closing of a plant before some kind of tribunal or public body. The nature of this controversy can be illustrated by reference to the alternative recommendations from the Draft Final Report of the Select Committee:

A firm planning a plant shutdown or mass layoff be required to appear before a public tribunal appointed by the provincial government. The appearance would be required before the firm issues notice to its employees as required under the Employment Standards Act. At this hearing the firm would be required to give the reasons for the shutdown decision, suggest proposals which would allow the enterprise to remain viable, and discuss the likely viability of the enterprise as a separate entity.

...

A public tribunal before which plant closing decisions would have to be justified is an unworkable concept and would be harmful to Ontario in the long run.

In its presentation before the Committee, the Ontario Federation of Labour recommended the creation of a tribunal called the "Employment Standards Board," before which an employer contemplating a plant shutdown should be required to justify the decision. The enterprise would be compelled to submit a feasibility study; if the company were found to be economically viable, the Ontario Development Corporation and the employees should be given the opportunity to take over the plant and operate it. The Ontario Federation of Labour also recommended that management be required to meet and cooperate with the Canada Manpower Consultative Services, the Ontario Manpower Commission and the representatives of the union to justify its actions and to arrange for an adjustment package that would include retraining, payment of relocation expenses, alternative job placement, arranging pensions and awarding severance pay.



In contrast, the Canadian Manufacturers' Association strongly cautioned against imposing requirements that are perceived as serious restrictions on a company's ability to make strategic business investment decisions. It was the CMA's view that if investors were not assured that the decision to close would be based on management's best judgment as to the health of the enterprise, they simply would not invest. In their words:

Jurisdictions that try to secure current jobs by forcing companies to justify plant closures run the serious risk of losing a far greater number of new jobs through loss of job related investment.

After considerable debate, the majority of the Committee concluded that they could accept neither the position in favour of justification presented by the OFL nor the entirely laissez-faire approach advocated by the CMA. The majority favoured a process whereby a major employer contemplating closure would be required to explain that decision and to consult with the employees, the community and senior levels of government. The consultation would include the opening of the company's books.

This process falls short of full justification, but, in the majority's view, is a reasonable step that would compel the company to work with employees, community and government to ameliorate the impact of major shutdowns. Moreover, the consultative process favoured by the majority encourages the development of employee adjustment programs which were advocated by the OFL. The Committee believes that such programs constitute part of a comprehensive approach leading to more effective development of human resources.

### **Recommendation**

1. A major employer who is contemplating a closure must be required to explain its decision and to consult with employees, the community and senior levels of government. As part of the consultation, the company must allow its books to be examined. The consultation process should be integrated into a comprehensive employee and community adjustment scheme that includes putting into place training programs, calculating and awarding relocation costs, protecting benefits and wages due to employees, and other appropriate measures. The scheme must also include the consideration of alternative ownership or management arrangements which would allow for the profitable continuation of the operation.



## NORTHERN ONTARIO

### Introduction

The evidence presented before the Committee clearly demonstrated that the economic problems facing Northern Ontario are fundamentally different from those facing other parts of the province. The restructuring now occurring in the world economy will, in all likelihood, result in flat or reduced demand for natural resource commodities. In real terms, the price of major minerals that Northern Ontario produces, with the exception of gold, is lower than it was 30 years ago and there is no basis for believing that this situation will improve. In the words of Mr. George Tough, Deputy Minister of the Ministry of Northern Development and Mines:

We are not dealing with a recession . . . in Northern Ontario. This is not a cyclical . . . problem. This is basically a structural problem in those major resource industries.

Accordingly, the Committee decided to make a series of recommendations directed specifically at Northern Ontario and the unique problems it faces.

### Special Funds

In the Committee's view, the difficulties of the North will not be solved by simply throwing money at them. In order to combat effectively the structural problems facing Northern Ontario, the solutions, financial or otherwise, must address the unique problems of the region. In this regard, the Committee recommends the establishment of four types of funds for Northern Ontario: one addressed to the peculiar relocation needs of individual workers; one to encourage companies to reinvest in Northern Ontario; an emergency type of fund for communities facing major economic dislocation; and a regional fund to assist in diversifying the economy, thereby reducing the inherent structural problems associated with an overdependence on the resource sector.

Relocation assistance to individuals affected by layoffs is a particularly appropriate form of assistance in Northern Ontario because the distances that must be travelled to find new employment or to take job training are usually quite great and because, where economic problems are structural rather than cyclical, the ability to relocate is an important part of an individual employee adjustment program. Until recently, the federal government provided relocation assistance under the Canada Mobility Program, which offered cash grants to workers who had to relocate in order to obtain jobs. It also defrayed part of the expense of travelling to another area to explore employment opportunities or to take training courses not available in the worker's area. Unfortunately, the federal government terminated this program on January 1, 1987. The Committee recommends that this fund be re-established as a joint federal-provincial program and that it be available to all workers in a community affected by a major economic upheaval rather than to only those workers in the directly affected resource industry.

The Rosehart Committee was particularly concerned with anecdotal evidence suggesting that there is a serious capital outflow from the North. To solve the problem, it recommended that the applicability of a Swedish-style investment fund be studied in the context of Ontario corporate tax policy. This investment fund allows corporations to shelter profits from taxes so that this money can be used in the future, with government approval, for such purposes as modernization, diversification, research and exploration. The Resources Development Committee supports the notion of establishing a tax sheltered fund to encourage the reinvestment of profits in Northern Ontario.

The Committee is aware of the precarious existence faced by many Northern communities that rely on a single resource-based industry. As the Committee frequently heard, the first day that a mine is opened is also the first day that it begins to close. While it is the strongly held belief of the Committee that many of its proposals, such as diversification, community resource planning agreements and decentralization, will alleviate some of the structural problems in the long run, it is also necessary to establish community adjustment funds to be used in the case of emergencies associated with a plant shutdown or major termination. Such a fund could be available for both community economic development and for adjustment at times of disruption. In emergencies resulting from a closure or layoff, the fund should be available to both communities and individuals.

Finally, the Committee endorses the notion of establishing a heritage or diversification fund for Northern Ontario. In contrast with the community type fund, which is reactive in nature, a heritage fund would be proactive. In effect, such a fund would ensure that some of Northern Ontario's mineral and forest wealth is returned to the region in the form of reinvestment. There presently exist a number of federal and provincial programs aimed at stimulating development and new business. These programs, however praiseworthy, have failed to create a significant long term strategy for Northern development. If the inherent structural weaknesses associated with a resource-based economy are to be overcome, a long term adequately funded development strategy must be put into place.

### Communities

As has been previously noted, it is not enough simply to throw money at the problems facing Northern communities. Solutions will be found only by addressing the specific concerns of the North and by developing a sensitivity to solutions that northerners themselves have proposed.

The Community Adjustment Fund proposed by the Committee in the previous section is necessary because of the nature of resource industries and the towns that have grown up around such developments. In part, at least, such a fund is required because of lack of planning when the communities began. It is the Committee's view that some of the problems now facing such towns could have been ameliorated or eliminated had the communities had the opportunity to enter into a formal resource planning agreement with the corporation and the province when the mine or mill was opened. Such an agreement would anticipate the cyclical nature of resource economies. It would be designed to provide alternative economic development and employment in the community. The Committee therefore recommends that such formal resource planning agreements be mandatory when a new mine or mill commences operation in the North.

The Rosehart Committee observed that regular access to information on the local mine or mill is important in Northern communities, particularly in times of crisis. The Committee observed:

It is apparent . . . that a significant problem in recent crises has been the problem of mixed messages. Such information emanating from company officials and/or community rumour is devastating and tends to enhance a feeling of uncertainty and vulnerability in resource dependent communities even during periods of non-crisis.

The Resources Development Committee supports the notion of holding an annual public information meeting between the community and the company. Such a meeting would permit the company and the community to regularly share information and concerns.

The Committee was very impressed with the comprehensive brief presented by the Regional Municipality of Sudbury. That region has lost over half the jobs that used to exist in the mining sector – more than 15,000 jobs, representing over 20 percent of the work force, are gone. When the recession first affected the area, Sudbury received a massive injection of short-term job creation funding from both the federal and provincial governments. This assistance allowed the region to develop a short-term program to cope with the emergency. Included in this endeavour was a research project to examine the potential for new development that would create new employment opportunities for the area. As a result, a strategy for economic diversification was designed. The plan focussed on the development of seven sectors, including establishing the region as a centre for mining technology, tourism, medical referrals, provincial government offices, education, finance and commerce, and transportation and distribution. In the last 10 years more than 10,000 new non-mining jobs have been created – mostly in the service sectors, employing a large proportion of women. These numbers reflect the regional strategy of reducing Sudbury's dependency on nickel mining by diversifying the area's economic base.

The Committee has high praise for the initiative demonstrated by the Regional Municipality of Sudbury and its regional development corporation. While these efforts to diversify the area's economy may take years, an overall approach has been developed and the first steps have been taken. It is the Committee's view that the province should encourage and fund such local initiatives.



### Decentralization

Clearly, one means of diversifying the Northern economy is by decentralizing government services and agencies so that a number of such offices with concomitant job opportunities are located in the North. This approach was endorsed by the Rosehart Committee. In recommending the transferring of 5,000 line ministry positions to Northern Ontario, this Committee expressed the sentiment that the provincial government has a special responsibility for job creation in the North. Similarly, it recommended the establishment of a medical centre in Northern Ontario and the development of special funding incentives to encourage educational institutions to provide increased service in the North.

Recently, the provincial government has made some effort to transfer jobs from Toronto to the North. Approximately 1,200 jobs have moved in the last two years or are in the process of moving to such centres as Thunder Bay, Sudbury, Sault Ste. Marie and North Bay. The Resources Development Committee applauds these initiatives to move government ministries to the North and believes that they should be accelerated. There is little doubt that, in addition to direct job creation, these measures enhance development of the Northern infrastructure, which could play a pivotal role in long-term diversification.

Finally, the Committee sympathized with the message of the Regional Municipality of Sudbury when it observed:

There is plenty of room in Northern Ontario for development and for the retraining of our people to work in these developments. With proper province-wide planning, we can preserve the delicate and sensitive agricultural lands of southern Ontario instead of paving over them and building on them. Instead, the Ontario government can redirect some of those plants to Northern Ontario where there is plenty of space and plenty of willing workers.



### Employment Standards

Elsewhere in this report, the Committee makes recommendations whose implementation require amendments to employment standards legislation. For example, the Committee recommends changes to the existing severance pay provisions and implementation of new statutory protection for money owed to employees in the event of an insolvency or bankruptcy. It is, however, with some trepidation that the Committee approaches the question of special employment standards applicable solely to the North. Certainly the Rosehart Committee had no difficulty with this matter – it made several recommendations to amend the Employment Standards Act as it applies to the resources sector in Northern Ontario. After some discussion, the Standing Committee decided that, given the precedent in existing legislation for distinguishing Northern Ontario from other regions of the province, it would recommend that there should be compulsory severance pay for resource sector industries in Northern Ontario which have 50 or more permanently severed employees with at least one year of service. This recommendation, an endorsement of one made by the Rosehart Committee, was made in recognition of the fact that resource sector industries tend to be subject to frequent and severe employment adjustments. Similarly, the Committee also supports the Rosehart Committee recommendation for increased notice of termination. These recommendations are incorporated into the Standing Committee's recommendations in the first section of this report.

### Resource Industries

Although the Committee has made several recommendations that encourage the diversification of the economy of Northern Ontario and the relocation of provincial government offices to the region, it was recognized that the North will continue to rely greatly on the wealth created from natural resources. In addition to the tax sheltered investment fund discussed above, another economic tool which is of value to the mining industry is the flow-through share. Such stocks permit certain tax benefits that are available to mining companies to flow through to the owners of the shares. The evidence before the Committee was that their use contributed to a high level of exploration

activity and that they are currently being examined by the federal Minister of Finance as part of an overall tax reform package. The Committee therefore recommends that the province should encourage the federal government to allow for the continued use of these investment instruments.

#### Advocate for Northern Ontario

The Rosehart Committee was impressed by some positive results achieved to date by the British Columbia Commissioner of Critical Industries. While that Committee did not advocate the wholehearted adoption of the British Columbia model, it did propose the appointment of a Northern Ontario Commissioner who would assist communities and the province with the prevention of or adjustment to change in resource-based communities. It was recommended that this project be implemented on a trial basis. Because the Resources Development Committee did not have the opportunity to examine the details of such a scheme, it recommends that the government explore the appointment of a Commissioner of Northern Ontario Resource Dependent Communities.

#### Recommendations

1. A joint federal-provincial relocation assistance program should be established. Assistance from the program should be available to all affected workers in the community and not simply to resource industry workers.
2. The Government should introduce a reinvestment scheme that would permit companies to shelter profits from taxes so that the money could be used in the future, with government approval, for reinvestment in the North.
3. In communities affected by a major layoff or plant closure, a community adjustment fund should be established. The fund could be used to develop new employment opportunities, to provide transitional social services and to maintain the municipal infrastructure during the adjustment period. The fund should be available to both communities and individuals and could be used for both community development and for adjustment at times of disruption.
4. A heritage or diversification fund for Northern Ontario must be established. Such a fund can be financed through profits from corporations and tax revenues and could be used in the development of a long term strategy to reduce the region's overdependence on the resource sector.

5. With the opening of every new mine or mill in the North, a resource planning agreement with the corporation, the provincial government and the community as parties should be entered into. The agreement should be designed to create alternative economic development and employment in the community.
6. The Committee supports the Rosehart Committee's recommendation on holding an annual public information meeting between the company and community (Recommendation 73). That recommendation reads as follows:

In addition to any formal reporting requirements, a public information meeting should be held on a yearly basis by the resource company in the community so that the company and the community can share information and concerns.

7. The Province should encourage and fund the development of local initiatives established in the North to assist in community adjustment to cyclical problems associated with resource industries.
8. The Province of Ontario should lobby the federal government for the continued use of flow through stocks in order to encourage mineral exploration in Northern Ontario.
9. The Government should explore the concept of appointing a "Commissioner" of Northern Ontario Resource Dependent Communities.

## COMMUNITY ADJUSTMENT

The Committee has already made a number of recommendations dealing with community adjustment needs as they arise in the resource dependent communities of the North. Similarly, the importance of adjustment committees for individual adjustment, employee training and manpower planning has already been emphasized. Such committees must also consider community or local needs as part of their mandate. The significance of these concerns may vary according to the circumstances surrounding the closure.

It must be stressed that adjustment committees and the programs associated with them should be adequately funded, not only during the period between the announcement of the shutdown and the date of closure, but for a period after the shutdown as well. Clearly, the work of such a committee does not stop when the plant door closes. On this point, a union official at Goodyear who is working on the adjustment committee at that plant told the Resources Development Committee he would no longer receive his regular wage after the plant closed, although the company had offered to pay a small supplement to his unemployment insurance benefits while the adjustment committee continued to function. This Committee would particularly like to emphasize that such employee representatives must continue to be paid as if they were still working at the plant for as long as they continue to serve on the adjustment committee.

The Worker Ownership Development Foundation brought a unique perspective to the Committee's hearings. The aim of the Foundation is to encourage the development of worker cooperatives in Ontario and to have the government establish a program and possibly enact legislation for the creation of such cooperatives. The work of the Foundation is explored a little further in the final chapter of this Committee's report. For purposes of this discussion, however, the WODF made a suggestion about community adjustment funds that the Committee thought could be useful, albeit in limited circumstances.

The WODF recommended, among other things, that there be six months' notice of termination when any plant employing 25 or more people is to be closed. This additional time would allow the workers to explore the possibility of a worker buyout. It also recommended that a community adjustment fund

be established and underwritten by the Government. This fund could finance a feasibility study to examine the practicability of a worker buyout and could provide some financing assistance in situations where workers choose the worker coop buyout option. The Committee supports the notion of an employee/community adjustment fund in the case of a worker buyout.

### Recommendations

1. The adjustment committees established at each major closure or mass termination must consider community adjustment as part of their mandate. Such committees must be adequately funded. Specifically, representatives of employees who sit on the committee must continue to receive their regular wages for as long as they serve on the committee, notwithstanding that the plant itself may have closed.
2. The Government must establish a community adjustment fund. Such a fund could finance feasibility studies of a worker buyout of the enterprise and could provide financial assistance where the buyout option is exercised.



### EMPLOYEE RETRAINING

Addressing the issues of employee retraining and labour market planning is fundamental to developing an effective response to plant closures and layoffs. In the Committee's view an effective strategy must have a number of components. In the first place, government itself needs to put into place appropriate mechanisms to monitor industrial activity in the province so as to respond quickly and effectively to changes in that environment. There would also need to be retraining programs for laid off workers – programs that would train such people for jobs that actually exist. Developing effective job training for Ontario's young people must be a component of this overall labour market planning.

Moreover, it is the Committee's opinion that the Government could take an important initiative in the area of manpower planning by revitalizing the Ontario Manpower Commission. The Committee's earlier recommendation that all terminations and layoffs involving 10 or more workers be reported to the Commission anticipates this recommendation. A revitalized Commission, acting with complete data, could monitor the labour market situation and could assist with the development of a labour market program that is sensitive to the needs of the province and its work force.

Members of the Committee frequently asked witnesses whether, to their knowledge, there had ever been any study that tracked laid off employees and compiled their employment records after workers had been displaced by a closure or major layoff. The response from the witnesses was inevitably negative. The need for such information is addressed in the next chapter of this report. It was apparent, however, that labour market surveys must be undertaken to guide appropriate responses to closures and major terminations. This is particularly true in Northern Ontario, where employment opportunities are much more limited than those in the south. The Committee was aware of one example where a number of workers who had been laid off when a mine closed received training as welders. When the labour market was examined, it was found that there was already a surplus of welders in that part of northwestern Ontario. Clearly, the training in this case was less than ideal. Information on the type of skills that will be needed in such communities in the future must be used to develop relevant training programs for laid off and younger workers.

The excellent presentation by the Regional Municipality of Sudbury provided the Committee with a detailed picture of the employment situation in that region and of the community's response to the down turn in the mining sector. One statistic in particular struck the Committee: the greatest number of unemployment insurance claimants in the Sudbury area are between the ages of 25 and 44. According to Mr. Mieto, the Regional Director of Health and Social Services, this statistic illustrates the phenomenon of the mature laid off worker, who is usually a miner. The Committee has some concern that changes in the resource sector generally and the mining sector specifically have disproportionately affected workers in this age bracket. While the importance of appropriate training for Ontario's young people cannot be underestimated, it is the Committee's hope that any labour market planning takes into account the phenomenon of the displaced mature worker.

In recognizing that the Province should undertake general labour market planning, the Committee has not lost sight of its own mandate to be responsive to the plight of workers affected by plant closures. The dual nature of the Committee's approach – future planning as well as adjustment assistance – was echoed in the brief presented by the Canadian Manufacturers' Association:

The real challenge for Ontario is to assist those affected by real change to make the transition, as well as encouraging flexibility and innovation among those who create the jobs of the future.

The Committee believes that there is a need to bolster the transition assistance available to workers affected by layoffs. Such help would include job search assistance, programs to provide local on-site service delivery, skills upgrading and retraining programs.

### Recommendations

1. The Ontario Manpower Commission must be revitalized. The Commission could monitor and analyze the labour market situation and could assist in developing a labour market program that is sensitive to the needs of the province and its work force.

2. The Ministry of Skills Development must undertake detailed labour market surveys in communities that have been or may be affected by major layoffs or closures, particularly in Northern Ontario. The information on what skills will be needed in these communities in the future must be used to develop relevant training programs for laid off and/or younger workers.
3. Labour market planning must take into account the phenomenon of the mature, displaced worker. With increased mechanization disproportionately displacing workers in the 25-44 age bracket, Ontario must develop programs targetted at this age group.
4. Ontario should increase the adjustment assistance available to workers affected by termination and closures. Such assistance should include job search assistance, on-site delivery of adjustment programs, skills upgrading, and retraining programs.

### INFORMATION/DATA

In its Interim Report, the Select Committee raised concerns over the lack of available information on the extent of problems associated with plant closures. The following were included as items of concern:

- statistics on layoffs compiled by the Ministry of Labour are not all inclusive; only permanent or indefinite layoffs of 25 or more employees are compiled.
- only in the case of layoffs of 50 or more people is there a legal requirement to report to the Ministry.
- temporary layoffs of 13 weeks or less and layoffs of 25 or fewer employees are not recorded.

. . .

- need for "tracking" of laid off workers.
- need for detailed profile of laid off workers.

In its presentation before this Committee, the OFL emphasized that this situation has not improved. The Federation forcefully contended that the number of workers affected by shutdowns and layoffs is woefully underestimated because of the inadequate methods used by the Ministry of Labour in gathering the data. The OFL stated in its brief:

Because there is no adequate provision for collecting data on layoffs of less than 50, because unions have no access to information on layoffs in the two thirds of the work force that is unorganized, because bankruptcies are not included in the Ministry of Labour statistics and because construction layoffs are also not included, the Ministry of Labour totals are grossly understated.

There is no complete record of layoffs of 50 or less and certainly none for 25 or less. When one considers that 88 percent of Ontario's enterprises consist of 20 or less workers and these are not monitored by the Ministry of Labour, then their totals on layoffs are way off. It is a sorry state of affairs when the Ministry of Labour has resorted to "newspapers and other informal sources" for its information on layoffs. Under these circumstances perhaps our estimate of 125,213 workers suffering shutdown, extensive employment terminations and layoffs since January 1, 1981 to December 31, 1986 is a conservative figure to say the least.

The Committee has already acknowledged that steps must be taken to ensure that adequate data on plant closures and terminations are available. These measures include recommending the revitalization of the Ontario Manpower Commission in order to have it play an important role in labour market planning and requesting that the Ministry of Skills Development undertake detailed labour market surveys, especially in Northern communities affected by major layoffs.

In general, it is the Committee's view that the Ministry of Labour and the OMC should be charged with the responsibility of tracking laid off employees in plant closure situations. Such information would enable the Ministry to be more responsive to the problems faced by employees confronted with this situation. The Ministry should also be required to examine every significant closure and termination and to publish a report on the results of the study. And, because such an undertaking has never been attempted, the government is urged to commission a study to examine the total cost to society of a major plant closure. The government should also consider appointing a consultant to examine closures that have taken place over the last 10 years so that the underlying causes can be made public and be of assistance in avoiding future plant shutdowns.



There is one aspect of the lack of data that the Committee found particularly frustrating. When the Ministry of Treasury and Economics made a presentation placing layoffs into an economic context, Ministry officials were unable to provide specific information on Northern Ontario and workers in the North. In response to questioning by the Committee, Dr. Purchase, Assistant Deputy Minister and Chief Economist, replied by saying that questions on the North had not been asked and that while data comparing Ontario with other provinces are available, the Ministry had no information on specific regions in Ontario. This response led one member of the Committee to observe:

. . . I guess that's what I find particularly disappointing in this particular report, is the fact that it does not answer, even in a small way, the problem that we are looking at in Northern Ontario. . . . And the heart of the problem, it seems to me, and as you well know, is the fact that in the North we not only have people who have been laid off over the years and still being laid off, but that there is a structural, economic and social problem there and we don't seem to have any statistics or any special analysis as to what is happening to those people in the North. . . . I understand that those are the only figures that you have to work with and so forth but I ask you: who is going to give us something more meaningful so that we understand what is going on in the North and what we are going to do with those workers, or how we are going to help those workers?

While the Committee doesn't wish to single out the Ministry of Treasury and Economics or its officials for criticism, it strongly urges the province to address this serious deficiency by beginning to collect specific data on Northern Ontario.

### Recommendations

1. The Ontario Manpower Commission and the Ministry of Labour must ensure that there is better tracking of laid off employees in plant closure situations. Such information would enable the Ministry and the government to be more responsive to problems faced by employees when a closure takes place.

2. The Government should undertake a detailed case study of the total costs to society of a significant plant closure.
3. The Province must begin to collect specific data on Northern Ontario, particularly in the areas of its economy and labour market.
4. Whenever there is a significant plant closure or layoff, the Ministry of Labour should gather data on it and should publish a report in each case.
5. The Government should commission a study into each significant plant closure that has taken place over the past 10 years. The report should be made public.

## TAKEOVERS

The examination of plant closures undertaken by this Committee was, in part, a result of the announcement in November 1986 that the Goodyear plant in Etobicoke was scheduled to close in May 1987. Although that facility was the oldest tire plant still being operated by the corporation, the Committee was told that the decision was "85 percent" the indirect result of the attempted hostile takeover bid of the parent corporation by an international corporate raider.

The President and Chief Executive Officer of Goodyear Canada, Mr. S. Buzby, was candid in his evidence before the Committee, particularly with regard to the attempted takeover bid and its effect on the decision to close the Etobicoke plant. He explained that the parent corporation, in order to combat the cyclical nature of the tire industry, had begun to make investments in other companies. In the long run, in his view, this diversification strategy would have both strengthened the company and contributed to its ongoing commitment to tire manufacturing. In the short run, however, it resulted in undervalued shares, making Goodyear vulnerable to a corporate takeover.

A well known player in the international takeover field decided to make just such a bid by purchasing approximately 11 percent of Goodyear Canada's parent corporation's shares. In Mr. Buzby's words, such a takeover would have disastrous effects on the viability of the entire corporation:

Because these individuals, first of all, when they take over, not only ours, but any company, they are not there to be benign employers. What they do is, they go after the cash out of the pension funds, they cut salaries, they cut hourly people, they cut everybody. That is what they are there for, and the record will show it.

The management of the parent corporation decided that this hostile takeover bid had to be fended off. In order to do so, the company purchased back its own shares, incurring a debt of some \$2.5 billion (U.S.) to do so. This resulted in the need for a major restructuring of the corporation so that the debt could be eliminated. Certain assets of Goodyear were sold and it was decided that certain high cost plants, including the one in Etobicoke, had to be closed.

Although the age of the Etobicoke Goodyear plant and the rapidly changing technology employed in tire manufacturing probably would have resulted in the plant's closing sooner rather than later, it was, according to Mr. Buzby's evidence, the hostile takeover bid which forced the quick decision to close the plant and prevented the company from taking a longer-term approach to its tire making operations in Canada.

The Committee was also aware of other incidents where plant closures seemed to be related to corporate takeovers, but because it was not able to fully explore this topic it is reluctant to make recommendations. It does, however, wish to express its concern over these increasingly prevalent corporate takeovers and their potential for shutting down operations.

### MISCELLANEOUS CONCERNS

There are three final areas of concern that the Committee wishes to address. The first deals with encouraging early retirement, the second with special pension provisions for older laid off workers and the third with the notion of worker cooperatives as advocated by the Worker Ownership Development Foundation.

Officials from Inco Limited provided the Committee with some interesting data on early retirement incentive schemes that the company had instituted as a means of reducing layoffs. Since 1982, the company has introduced five such voluntary retirement programs with incentives, three of which were in Sudbury and two in Port Colborne. About 38 percent of the workers who qualified under the incentive schemes accepted the offer – a total of approximately 2,287 out of 6,088 eligible employees. The rationale for such programs was stated as follows:

Early retirement programs, with the appropriate financial incentives, encourage older employees to leave the work force without the need to lay off a junior employee. Without these programs younger employees – many with dependent families – would have been added to the unemployment roles. They would frequently be forced to relocate in order to find work. Our incentives-based early retirement programs have demonstrated the majority of those employees who have chosen this opportunity remain within the community and continue to contribute to its economy and tax base. At present there are about 8,000 Inco pensioners now residing in the district.

The Committee supports the notion of encouraging early retirement, particularly as it serves to reduce the number of younger employees affected by a layoff.



As previously discussed, the Committee heard that there is a problem in communities like Sudbury for the older, laid off worker. In the Committee's view, a special layoff pension fund that would top up the pension income to a level equivalent to the Canada Pension Plan and Old Age Security could be of assistance to laid off workers who are aged 55 or older and who are receiving a reduced pension. This pension would be paid until retirement age or until another job is found. The fund would also maintain the CPP contribution on behalf of the worker.

The Committee found its discussion with the representatives of the Worker Ownership Development Foundation to be very interesting. The Foundation had already presented a brief to the Ontario government and asked the Committee to endorse it. In the brief, the WODF recommended that the province introduce the following measures in order to assist financially in the establishment of a worker cooperative program for Ontario:

- funding for worker cooperative resource groups to provide a range of business consulting services (to a maximum of \$180,000 per year);
- start-up and feasibility study assistance through grants and forgivable loans;
- financing assistance in the form of term loans, loan guarantees, interest rate write-down grants, and preferred share holdings through the Ontario Development Corporation;
- capital formation incentives in the form of tax credits for cooperative share ownerships;
- funding for worker cooperative "incubator" centres; and
- changes in the existing Youth Enterprise Program to facilitate youth worker coops.

While the Committee has not had the opportunity to review this proposal in detail, it does recommend that the government give serious consideration to the brief and to developing a worker ownership program similar to those which exist in most other provinces.

### Recommendations

1. In cooperation with employers and workers or their representatives, the provincial and federal governments should encourage the use of early retirement programs where employment is being reduced on a long term basis.
2. A special layoff pension fund that would top up pension income to a level equivalent to the Canada Pension Plan and Old Age Security for laid off older workers (aged 55 or older) should be introduced. The pension would be paid until retirement age is reached or the worker has found another job. Canada Pension Plan contributions on behalf of the employee would be paid by the fund.
3. The Government should give serious consideration to the report of the Worker Ownership Development Foundation, which contains, among other things, a proposed financial assistance program that could be used to help groups of workers who wish to consider the option of purchasing a plant that is about to be closed and operating it as a cooperative.

### CONCLUSION

This Committee is very concerned with the individual and social problems associated with a major layoff. The fundamental dream of job security shared by most people is shattered when a plant is closed or a major termination is announced. The Province must take steps that will lessen the initial shock of the announcement and will ensure that those affected can begin planning for the future immediately. Careful planning can minimize the number of people facing this dilemma in the future.

The Committee was particularly disturbed by the evidence that it heard on the inherent structural problems in the Northern economy and of the uncertain economic future that that important part of the province faces. For years the wealth from natural resource extraction has been taken from the North; the province must now ensure that some of that wealth is returned to the people and the communities of Northern Ontario.

## SUMMARY OF RECOMMENDATIONS

### Notice of Termination

1. The definitions in the regulations under the Employment Standards Act must be amended to make a clear distinction between temporary and permanent layoffs (terminations). Specifically, the meaning of the term "temporary layoff" must be changed to make it more difficult to classify as "temporary" a layoff which lasts longer than 13 weeks. A layoff of longer than 13 weeks should normally be treated as a termination for purposes of the Employment Standards Act, unless a return to work date is specified.
2. All employers who are planning to close a plant or implement a major layoff must inform the Ministry of Labour as soon as possible. Officials from the Ministry must be available as early as possible to assist in any employee or community adjustment problems arising from the closure or terminations.
3. Legislation must require companies to report to the Ontario Manpower Commission employment terminations and layoffs involving 10 or more workers.
4. The Committee supports the Rosehart Committee's recommendations on extended notice (Recommendation 76 [part]) and severance pay protection (Recommendation 77) for workers in Northern Ontario. These recommendations read as follows:

The Ministry of Labour should review the Employment Standards Act and initiate the following change to the Act: that the advance notice requirement for permanent layoffs over a six-month period in the north be calculated as follows:

50 or more workers	– 6 months' notice
25 – 49 workers	– 3 months' notice
10 – 24 workers	– 1 month's notice

These above requirements would only apply to regular, year-round, full-time employment positions.

The Ministry of Labour should review the Employment Standards Act and initiate compulsory severance pay for resource sector industries in Northern Ontario which have 50 or more permanently severed employees with at least one year of service..

### Severance Pay

1. The Employment Standards Act should be amended so that the severance pay requirements apply where 20 employees or more are terminated over a period of six months or less due to the permanent discontinuance of all or part of the business.
2. The severance pay provisions in the Employment Standards Act should be amended to include a provision which would allow for the consideration of cumulative layoffs over an appropriate period of time and would allow for the retroactive application of the severance pay provisions in the proper circumstances.
3. The severance pay requirements must be vigorously enforced by the Ministry of Labour. Specifically, the Ministry should ensure that employees who receive a reduced pension are not denied their statutory right to severance pay.
4. The government should examine the amount of severance pay awarded under the present Act. In no case should severance pay be less than the amount that the individual employee would have received had he or she sought redress through the courts.
5. The government should establish a wage loss insurance fund. In addition to basic wages and vacation pay, such a fund should protect termination pay and severance pay.

### Employee Adjustment

1. Employees who leave a plant after notice of closure or major termination has been given but before the actual closure date should not be penalized by losing their eligibility to receive the termination benefits package.
2. Employees who are to be laid off because of a shutdown or major termination should be permitted to take time off in order to seek new employment.
3. Special programs should be introduced to protect employees who are on "light duty" when a plant is closed down.
4. Where layoffs or plant closings take place and where the employer owns or operates any other plants in Ontario, laid off employees should be given preference in hiring for newly created employment opportunities at those plants.
5. Comprehensive employee adjustment programs must be put into place at every closure or major termination. Such programs should include job counselling, mobility assistance, training programs and financial assistance. The Ministry of Labour should take a lead role in ensuring that such programs are established. This role may involve coordination of programs with the federal government.



6. The Ministry of Labour should take steps to ensure that counselling services are available to everyone affected by a plant closure. These services should not only be available to displaced employees and their families but also to all members of the community.
7. The Committee supports the endorsement by the Rosehart Committee of the concept of a personal adjustment plan advocated by the federal government's Department of Energy, Mines and Resources (Recommendation 74).

#### Justification

1. A major employer who is contemplating a closure must be required to explain its decision and to consult with employees, the community and senior levels of government. As part of the consultation, the company must allow its books to be examined. The consultation process should be integrated into a comprehensive employee and community adjustment scheme that includes putting into place training programs, calculating and awarding relocation costs, protecting benefits and wages due to employees, and other appropriate measures. The scheme must also include the consideration of alternative ownership or management arrangements which would allow for the profitable continuation of the operation.

#### Northern Ontario

1. A joint federal-provincial relocation assistance program should be established. Assistance from the program should be available to all affected workers in the community and not simply to resource industry workers.
2. The government should introduce a reinvestment scheme that would permit companies to shelter profits from taxes so that the money could be used in the future, with government approval, for reinvestment in the North.
3. In communities affected by a major layoff or plant closure, a community adjustment fund should be established. The fund could be used to develop new employment opportunities, to provide transitional social services and to maintain the municipal infrastructure during the adjustment period. The fund should be available to both communities and individuals and could be used for both community development and for adjustment at times of disruption.
4. A heritage or diversification fund for Northern Ontario must be established. Such a fund can be financed through profits from corporations and tax revenues and could be used in the development of a long term strategy to reduce the region's overdependence on the resource sector.

5. With the opening of every new mine or mill in the North, a resource planning agreement with the corporation, the provincial government and the community as parties should be entered into. The agreement should be designed to create alternative economic development and employment in the community.
6. The Committee supports the Rosehart Committee's recommendation on holding an annual public information meeting between the company and community (Recommendation 73). That recommendation reads as follows:
 

In addition to any formal reporting requirements, a public information meeting should be held on a yearly basis by the resource company in the community so that the company and the community can share information and concerns.
7. The province should encourage and fund the development of local initiatives established in the North to assist in community adjustment to cyclical problems associated with resource industries.
8. The province of Ontario should lobby the federal government for the continued use of flow through stocks in order to encourage mineral exploration in Northern Ontario.
9. The government should explore the concept of appointing a "Commissioner" of Northern Ontario Resource Dependent Communities.

#### Community Adjustment

1. The adjustment committees established at each major closure or mass termination must consider community adjustment as part of their mandate. Such committees must be adequately funded. Specifically, representatives of employees who sit on the committee must continue to receive their regular wages for as long as they serve on the committee, notwithstanding that the plant itself may have closed.
2. The government must establish a community adjustment fund. Such a fund could finance feasibility studies of a worker buyout of the enterprise and could provide financial assistance where the buyout option is exercised.

#### Employee Retraining

1. The Ontario Manpower Commission must be revitalized. The Commission could monitor and analyze the labour market situation and could assist in developing a labour market program that is sensitive to the needs of the province and its work force.

2. The Ministry of Skills Development must undertake detailed labour market surveys in communities that have been or may be affected by major layoffs or closures, particularly in Northern Ontario. The information on what skills will be needed in these communities in the future must be used to develop relevant training programs for laid off and/or younger workers.
3. Labour market planning must take into account the phenomenon of the mature, displaced worker. With increased mechanization disproportionately displacing workers in the 25-44 age bracket, Ontario must develop programs targetted at this age group.
4. Ontario should increase the adjustment assistance available to workers affected by termination and closures. Such assistance should include job search assistance, on-site delivery of adjustment programs, skills upgrading, and retraining programs.

#### Information/Data

1. The Ontario Manpower Commission and the Ministry of Labour must ensure that there is better tracking of laid off employees in plant closure situations. Such information would enable the Ministry and the government to be more responsive to problems faced by employees when a closure takes place.
2. The government should undertake a detailed case study of the total costs to society of a significant plant closure.
3. The province must begin to collect specific data on Northern Ontario, particularly in the areas of its economy and labour market.
4. Whenever there is a significant plant closure or layoff, the Ministry of Labour should gather data on it and should publish a report in each case.
5. The government should commission a study into each significant plant closure that has taken place over the past 10 years. The report should be made public.

#### Miscellaneous Concerns

1. In cooperation with employers and workers or their representatives, the provincial and federal governments should encourage the use of early retirement programs where employment is being reduced on a long term basis.
2. A special layoff pension fund that would top up pension income to a level equivalent to the Canada Pension Plan and Old Age Security for laid off older workers (aged 55 or older) should be introduced. The pension would be paid until retirement age is reached or the worker has found another job. Canada Pension contributions on behalf of the employee would be paid by the fund.

3. The government should give serious consideration to the report of the Worker Ownership Development Foundation, which contains, among other things, a proposed financial assistance program that could be used to help groups of workers who wish to consider the option of purchasing a plant that is about to be closed and operating it as a cooperative.

DISSENTING OPINION OF ELINOR CAPLAN,  
JIM McGUIGAN, STEVE OFFER AND LAURENCE SOUTH



## DISSENTING OPINION OF

ELINOR CAPLAN  
JIM McGUIGAN  
STEVE OFFER  
LAURENCE SOUTH

The background and recitation of representations have been set out in the Report of the Committee.

This dissenting opinion will not repeat what was said but rather deal with our reasons for our recommendation.

It is our opinion that throughout the public hearing process there was less emphasis placed by the various delegations on the so called issue of justification for plant closure than on increased employee and community awareness.

We believe that increased employee and community information sessions can and should be instituted. These meetings should be called to explain any decision for closure together with the reasons thereof. In addition such meetings can be used to discuss and outline employment adjustment measures to be taken, for example, hiring programs, calculations of relocation costs, retraining costs, counselling services etc.

This type of consultative approach would provide to the employees in particular, and the community in general, a greater understanding and appreciation of the protections and programs being afforded to them.

In preparing this dissent we are cognizant of three main factors: 1) There is no other jurisdiction in North America which has instituted the principle of justification for plant closure; 2) Protections are offered to the employee in Ontario which are non-existent in other provinces; and 3) The possible effect on the workplace due to the implementation of justification for plant closure.

With respect to the first consideration, it is our opinion that the implementation of justification for plant closure would result in companies not locating in Ontario or companies presently in Ontario relocating out of the province. We believe that it is altogether likely that companies would "jurisdiction shop" in order to avoid any provincial legislation dealing with justification for plant closure. We further believe that because there is no other jurisdiction in North America with such legislation that it is not only economically feasible but also an economic reality that companies would not locate in Ontario or would relocate out of Ontario.

With respect to the second consideration, we take note that Ontario is the only province which makes severance payable in a mass closure situation. This is a type and form of protection which is directed to providing the worker with a certain degree of security. However, we note improvements can and should be made to this type of provision. We believe that the implementation of justification for a plant closure does not provide the type of security needed for the employees who find themselves in a closure situation.

With respect to the third consideration, it is our contention that the implementation of justification for plant closure must carry with it the question of realistic effect. By this we question the effect of a decision making body deciding that a particular plant closure is not justified. Moreover, we question the powers delegated to the decision making body in order to guarantee that a plant decision to close remains open. If such a decision making body is to be given the power to forcibly keep a plant open, then we question the effect that such legislation would have on plants wishing to start up in Ontario. In the alternative if this decision making body is not to be given that type of enforcement power then we question what type of real protection is being given to the employee with the implementation of justification.

We believe that better and more timely information must be given by the employers to the employees and the community affected, on an ongoing basis. We believe the needs of employees and community must be met in a realistic manner without detriment to the economy. We believe employees should have the benefit of employment adjustment measures and information pertaining to the economic circumstances surrounding any plant closure.

Accordingly and consistent with the above we recommend as follows:

A MAJOR EMPLOYER WHO IS CONTEMPLATING A CLOSURE MUST BE REQUIRED TO EXPLAIN ITS DECISION AND CONSULT WITH EMPLOYEES, THE COMMUNITY, AND SENIOR LEVELS OF GOVERNMENT. THE CONSULTATION PROCESS SHOULD BE INTEGRATED INTO A COMPREHENSIVE EMPLOYEE AND COMMUNITY ADJUSTMENT SCHEME THAT INCLUDES FOR INSTANCE PUTTING INTO PLACE TRAINING PROGRAMS, CALCULATING AND AWARDED RELOCATION COSTS, PROTECTING BENEFITS AND WAGES DUE TO EMPLOYEES AND ANY OTHER APPROPRIATE MEASURE.





DISSENTING OPINION OF  
BUD WILDMAN AND BOB MACKENZIE

## DISSENTING OPINION OF

BOB MACKENZIE

AND

BUD WILDMAN

The New Democrat members of this Committee feel that the Liberal and Conservative members have failed to make adequate recommendations that will: (1) assure that the social costs of plant closures and layoffs are made the responsibility of employers. (2) prevent the occurrence of plant closures and layoffs where possible; (3) provide effective adjustment assistance to workers and communities where plant closures and layoffs occur.

We are not surprised by either this outcome or this Committee's attempt to preserve the status quo. This repeats the circumstances of 1981 when the Select Committee on Plant Shutdowns and Employee Adjustment was prevented from completing its final report because of the abrupt calling of a provincial election. The subsequent return of a majority government meant that the issue need no longer be a priority. In that situation we felt obliged to produce our own final report "Job Security: The Unwritten Report of the Select Committee on Plant Shutdowns and Employee Adjustment."

Since that time, 400 plants in Ontario have partially or completely closed. 48,382 jobs have been lost permanently. Another 416 plants have reduced their operations resulting in the loss of an additional 76,381 jobs. And, because employers are only obliged to report layoffs of 50 or more workers, this number grossly understates the reality. Evidence presented to the Committee this year indicates that over 30% of all layoffs occur in firms with fewer than 20 employees and over 50% in firms with fewer than 100 employees.

These events are the product of companies seeking profits without having to take into account all the costs, or the responsibilities of their activity. It is the logical, but unnecessary, result of economic policy based on trying to make the market work for business without regard for people or their communities.

Ontario is particularly vulnerable to plant closures and layoffs due to the branch plant nature of our economy. Many of these decisions are made outside of the province, primarily in the United States. This trend is increasing and is especially worrisome, because of the spectre of a Canada/U.S. free trade agreement looming on the horizon. Over 70% of the nearly 8,000 layoffs announced so far this year involve shutdowns of U.S. - owned plants.

New Democrats pressed for "reform of job security legislation including notice and justification of layoffs and plant shutdowns and improved severance legislation" in the Accord established with the Liberals in 1985. But despite the government's acceptance of this item in the Accord, there has been absolutely no action over the last 2 years.

The magnitude of job loss from shutdowns and permanent layoffs together with Ontario's ever increasing reliance on imported goods, (Ontario registered a trade deficit of \$6.5 billion in 1985) has prompted New Democrats to call for an import replacement program. We want the government's action to reduce certain job-intensive imports and require domestic content so that multi-national corporations selling in Canada must provide jobs here as well.

New Democrats believe that social and economic policies can be established both to lessen the impact of plant closures and layoffs and, in some cases, prevent them altogether.

Layoffs cost all of us. But there is no mechanism in place to ensure that employers take account of the social and public costs of layoffs in this decision-making. As well, the government does not try to measure the full

costs of a plant shutdown to the affected workers, the local community and the province as a whole. These costs are very real and very high.

Laid-off workers obviously suffer an immediate income loss. In addition, OHIP and other medical benefits, group insurance and pension benefits are likely to be lost or reduced. When alternative work is found, it usually provides much lower pay and benefits. There may also be significant relocation costs. Particularly in a small community, a large layoff may have an enormous economic impact. The demand for housing may drop significantly. This may force a laid-off home owner who wishes to relocate to take a large capital loss. In addition, the physical and mental health of workers and their families may suffer. Other costs which are more difficult to quantify show up indirectly in family strain, marital breakdown, and a general loss of self worth.

Local communities often face a significant loss of income, the plant's payroll. This problem is especially serious in single industry towns, particularly in Northern Ontario, where the closure of the town's only major employer can mean the death of that town. The loss of this income also has a multiplier effect, especially hurting the service sector. Municipalities receive lower



property and business taxes as both assessment and ability to pay fall. At the same time that a municipality faces lower revenues, its expenditures on welfare and social programs are likely to increase. A plant is often a major consumer of power and water, and if it is shut down rates must increase as utility costs are spread over a smaller customer base.

The bottom line is that there is now a fundamental difference between the private costs to a particular corporation, and the social costs which are necessarily borne by workers, local and provincial governments and the community at large. As long as corporate employers are not required to take account of these social costs, the rights of workers, their families and their communities will continue to be ignored.

Our Liberal and Conservative colleagues don't agree with us that corporations have to be made accountable for their decisions. We believe that even where a closure or layoff is found to be justified, the employer must bear its share of the social costs. But where a closure is found to be unjustified, then the corporation must be made to pay more, including some appropriate measure of damages. In addition, we believe that the government has a role to play in trying to prevent the closure by examining all reasonable alternatives to the shutdown.

Many of the plant closures that we have looked at over the past few months show the need for increased protection for workers. Here are a few examples:

1. The Goodyear Canada closure in Etobicoke shows the vulnerability of foreign-owned Ontario plants. As the result of a hostile takeover attempt of the U.S. parent corporation, the American head office decided to close the Toronto plant as a cost cutting measure. This was despite the growing demand for the radial tires produced by this plant, and the considerable number of auto assembly plants in Southern Ontario which are a ready market for its product.

Officials at Goodyear indicated to this Committee that they may build another factory in Southern Ontario within the next few years. But no hiring preference will be given to any existing Goodyear workers -- workers whose entire working lives have been with the Company. This is perfectly legal because the government does not give displaced employees a "right of first refusal" on jobs they are qualify for at another of the employer's plants in Ontario.

Another example of government failure to protect

workers is that hundreds of laid-off Goodyear workers will not be eligible for any severance pay because of a technicality in the law which says that because they can qualify for a pension, they don't have a right to severance. These are not workers who are 65 who will be retiring on a maximum company pension with the added support of Canada Pension Plan and Old Age Security benefits. Instead, many are around 50, who have families to support, and will receive pensions of about \$7,000 a year with no additional public support.

Many of them have spent 25 years working for Goodyear. In addition, because of equally punitive federal legislation, these workers will only be eligible for unemployment insurance at greatly reduced benefit levels.

2. The John T. Hepburn Company in Toronto illustrates the lack of protection for workers where fewer than 50 are laid off. The layoffs at this Toronto based company won't even show up in the statistics. This company has been in business for over 60 years and has announced that in 8 weeks it will be closing down its foundry. 29 employees will lose their jobs permanently. Because fewer than 50 employees are involved, the company is not required to pay

severance to its employees or even report the layoffs to the Ministry of Labour.

We were contacted by Mr. M. Baznick, a 58 year old man, who has worked for the company for 39 years. In eight short weeks, he will walk away with nothing, even though he has devoted his entire working life to this company. His prospects for re-employment are slim. He qualifies for a company pension of less than \$50 a month.

We asked ourselves a number of questions in this case: If the company has operated for over 60 years, why is it that the management is only required to give eight weeks notice of closure? Is the closure justifiable on economic grounds -- and if not, what other alternatives, including a worker buy-out, are available? Why haven't these alternatives been explored? Why must the workers walk away with nothing? Why is this allowed to happen?

Although our Liberal and Conservatives colleagues agreed with our recommendation that a special layoff pension fund be established to assist older workers like Mr. Baznick, they did not agree that the company should have to contribute to this fund.

3. In 1969, Stelco's Griffith iron ore mine opened at Ear Falls (one of over 50 single industry towns in Northern Ontario). It provided that community, for the first time, with the prospect of steady employment into the foreseeable future. In fact, by 1984 when Stelco's third quarter profits were \$10 million, the company claimed there was enough ore to keep the mine open until the year 2013.

Two months later in November 1984, Stelco announced it would close the mine the following spring, eliminating 280 jobs and 70% of the town's tax base.

In early 1985, the province intervened and gave Stelco a \$5 million tax break to keep the mine open another year. This gave the workers & the community another year's notice, but it's hard to see this move as motivated by the then-imminent provincial election!

Already 500 of Ear Fall's 2000 residents have left and another 300 residents of Ear Falls are expected to leave the area over the next two years. In addition, up to 225 people are expected to leave the neighbouring communities of Balmerton and Red Lake.



The bitter experience of the residents of Ear Falls is typical of many single-industry resource towns in Northern Ontario. We are convinced that the government would act much more quickly and forcefully if Toronto were facing the loss of 50,000 jobs overnight. That same concern has yet to be shown in comparable situations in the North.

#### RECOMMENDATIONS:

While we do concur with a number of recommendations in the majority report we feel that in many instances they do not go far enough nor do they recognize that corporations must accept financial responsibility for the consequences of their actions. Accordingly, we make the following recommendations:

1. A minimum of six months notice be given to employees and the provincial government before a plant closure or layoff involving 10 or more workers.

The requirement for longer advance notice is imperative if there is to be an adequate public response to plant closings and mass layoffs. Besides the obvious benefit to workers, sufficient advance notice is crucial to a public justification

procedure.

Several studies have dispelled the argument that if the company were to give a long period of notice, the workers would desert it, remaining contracts would go unfinished and productivity would drop.

2. A company be required to submit to the government when it announces a plant closure or mass layoff (or within a specified period thereafter) the following information:

- 0 number of employees affected including a breakdown by age, sex, occupation
- 0 reason for closures/layoffs
- 0 details of consultation process with employees, communities
- 0 scope for possible socially acceptable solutions or alternatives
- 0 possibilities for redeployment of workers through reorganization or reduction of work-time
- 0 register of training facilities available to displaced workers

In addition, the company must (if requested by a worker) arrange for vocational testing and relocation counselling to enable those workers to assess their position in the labour market with

respect to their present and potential skills.

We feel that a commitment to labour force planning reflects the view that labour is not merely a commodity in the process of production but a resource that has to be developed and planned for over a long term horizon. Effective and on-going voluntary labour force planning as practiced in many Western European countries through such techniques as restricted overtime, work guarantees, early retirement, work-load scheduling, short-time and part-time work and production and inventory scheduling reduces the number of layoffs necessary over time.

3. The acceptance of severance pay should not result in the automatic waiving of the right to recall. The right to recall should be extended to all workers in a plant which closes and relocates, within 5 years of the closing within Ontario.

Where there may be a significant time-lag between severance pay eligibility and availability of alternative employment, consideration must be given to an arrangement which permits workers to keep open the possibility of receiving a specific job offer without at the same time prejudicing any

severance pay entitlements.

4. The following changes be made to payment of and eligibility for severance:

- 0 severance to be payable in layoffs involving 10 or more workers
- 0 full severance payable to all workers under age 65 regardless of their eligibility for pension
- 0 severance payable to all workers regardless of length of service with the company
- 0 severance payable at the rate of 1 1/2 weeks per year of service, with no maximum

Severance pay is compensation for the investment, effort and commitment made by an employee to his or her job. We believe that this begins with the commencement of employment and lasts throughout the job tenure. The provision of pension benefits is an issue quite separate from severance pay and the eligibility for severance should not be conditional on the receipt of a pension. This is especially true when one considers the secondary aspect of severance as an economic cushion relating to the income loss and financial hardship of job loss and the costs of finding new employment.

5. There be established a Public Audit Board to be composed of 5 persons appointed by the Lieutenant Governor in Council. There would be one full-time member who will act as Chairman. Members will be representative of labour and business.

The Public Audit Board will inquire into, evaluate and report on the circumstances relating to the closing of industrial and manufacturing plants in Ontario. The Board will conduct public hearings and also have access to the books and records pertaining to any plant closure.

The Board will issue reports to the Ministry of Labour with its findings regarding: the circumstances of the plant closing; the economic impact of the plant closing on individual employees and community; its opinion as to whether the plant closing is justified; proposals for action designed to mitigate the harmful effects of the plant closing on the employees and the community.

Subject to the recommendations of the Public Audit Board the Minister have the authority to require that:

- i) the employer make additional contributions to the pension plans of the employees
- ii) the continuation of payment by the employer of the wages and benefits being received by the employees for a specified period of time



- iii) that the employer defer the sale or removal of equipment and inventory owned by the employer
- iv) the employer pay reasonable relocation costs to displaced employees
- v) the employer participate in providing a skill training or retraining program for the employees
- vi) the employer make the plant available for sale

We do not envision public justification as an opportunity to castigate employers, or to force firms which are not viable to remain open. Some plant closings are unavoidable. However the decisions to close plants or lay off significant numbers of workers are made in an isolated manner, dictated by a corporations calculation of internal costs and benefits. We do not accept the notion that the only role left to legislators is to ameliorate the severe social and public consequences of private corporate decisions. We feel there is a public duty and responsibility to ensure that public scrutiny and control is exercised to either prevent or minimize social hardship.

We have found that the existence of this type of legislation in other jurisdictions has not been a deterrent for companies investing in those jurisdictions. Coupled with a number of positive

benefits of investing in Ontario we are not swayed by corporate arguments that investment will drop and competitiveness will be hindered.

6. The Labour Relations Act be amended so that when an employer relocates in Ontario, the union which holds bargaining rights should continue to hold them at the new location where no existing union holds such rights.

We have experienced the situation in Ontario where plants have closed and relocated not for sound economic reasons, but to escape a unionized environment. This behaviour is unacceptable and should not be permitted.

7. A Northern Ontario Fund be established, administered by government appointed residents of the North. The purpose of this fund is to sponsor industrial economic diversification. Monies to establish the fund would come from: the transfer of the assets of the Northern Ontario Development Corporation to the fund; consolidation of line ministry programs; a percentage of revenues from resource industry taxation and money from the federal government's Canada Jobs Strategy.

In too many instances the only industry in Northern Ontario is resource extraction. Too few attempts have been made to diversify the industry of the North to include not only resource processing but other types of manufacturing as well. While over \$15 billion of resource wealth is produced in Northern Ontario each year, very little is ever returned to the North. We feel that more of the wealth generated by the North must be used to diversify its economy and sustain its existence. The fund must be administered by residents of the North because they depend on and thus have the greatest interest in the economic viability and future development of the North.

8. That in communities affected by a major lay-off or plant closure, a Community Adjustment Fund, be established. The fund would be established either on an on-going basis by a levy on employers, or by a one-time levy on employers who affect a plant closure.

Such a fund, would: provide employment opportunities for affected employees; make grants and loans to provide technical and planning assistance; match funds from other levels of government in the creation of new employment

opportunities; provide temporary financing or capitalization of new employment opportunities; provide additional social services; assist employee co-operatives to construct new establishments or to acquire ownership of existing establishments; undertake new employment opportunities; undertake research and development projects to identify new markets and employment opportunities.

While our Conservative and Liberal colleagues agreed with our recommendation for a Community Adjustment Fund they did not agree that companies should be required to make contributions to such a fund, nor did they support any other funding methods. As we have previously mentioned it is our view that corporations must bear the responsibility of their actions. We point to the example of Stelco who voluntarily made a grant of \$2.4 million to the town of Ear Falls when it shut down its mine. This amount was equivalent to one year's taxes. We see no reason why this could not be a mandatory requirement in similar situations.

Because of the severity of the impact of plant closures on local communities, this Fund would be particularly important in Northern Ontario where resource companies come, and either because they

deplete the resource base of a community or because of world market conditions they pack up and leave with little concern for the workers or the future of the community.

CONCLUSION:

The government of Ontario must face the challenge and protect our workforce and our industrial base.

Legislation that is designed to: discourage plant closings and layoffs; compel employers to account to the public for their intended action and shoulder the responsibility for such action; cushion the effects of layoffs and plant closings that are inevitable; and provide for retraining, severance pay and adequate pensions for those forced into early retirement, must be part of the solution.



APPENDIX A  
LIST OF WITNESSES

PLANT CLOSURES – WITNESSESMinistry of Industry, Trade and Technology

Mr. Patrick Lavelle  
Deputy Minister

Mr. David Girvin  
Assistant Deputy Minister

Ministry of Labour

Mr. Peter Sadlier-Brown  
Assistant Deputy Minister  
Labour Policy and Programs

Mr. Robert Coke  
Director, Policy Branch  
Labour Policy and Programs

Mr. Harry Shardlow  
Director  
Plant Closures and Employment Adjustment Branch

Ms Susan Rowland  
Counsel  
Legal Services Branch

Ministry of Northern Development and Mines

Mr. George Tough  
Deputy Minister

Mr. John Menary  
Coordinator of Policy Development  
Policy Planning Branch

Mr. Israel Lyon  
Senior Policy Advisor  
Policy Planning Branch

Ministry of Treasury and Economics

Dr. Bryne Purchase  
Assistant Deputy Minister and Chief Economist  
Office of Economic Policy

Ms Sandra Tycheson  
Senior Policy Advisor  
Economic Policy Branch

Ministry of Treasury and Economics (cont'd)

Mr. John Tylee  
 Director  
 Economic Policy Branch

Mr. Quaid Silk  
 Assistant Director  
 Sectoral Regional Policy

Goodyear Canada Inc.

Mr. Scott H. Buzby  
 President

Mr. Mike Fleming  
 Plant Manager  
 Lakeshore Boulevard Plant

Mr. Norm Webb  
 Personnel Manager  
 Lakeshore Boulevard Plant

Union of Rubber, Cork, Linoleum and  
Plastic Workers of America, Local 232

Mr. Dave Birrell  
 President

Mr. Al Lang  
 Vice-President

Canadian Auto Workers, Local 444

Mr. Mike Raymond

Windsor Chamber of Commerce

Mr. George King  
 Chairman  
 Labour Relations Committee

Dr. Robert Rosehart

Mr. Jim Foulds, M.P.P.

Thunder Bay Chamber of Commerce

Ms Ruth Armstrong  
 Vice-President

United Steelworkers of America

Mr. Henry Gareau  
Area Representative

Department of Sociology, Lakehead University

Dr. Chris Southcott

United Steelworkers of America, Local 6500

Mr. Ron MacDonald  
President

INCO

Mr. Paul Parker  
Vice-President

Region of Sudbury

Mr. Thomas M. Davies  
Regional Chairman

Mr. T.L. Hennessy  
General Manager  
Sudbury Regional Development Corporation

Mr. Mark Mieto  
Director  
Health and Social Services

Mr. Herb Akehurst  
Chief Executive Officer

Mine, Mill and Smelter Workers' Union

Mr. Rick Briggs  
President

Falconbridge

Mr. Charles Murray  
Director of Cost Management

Mr. Bob Brailey  
Director of Human Resources and Public Affairs

Mr. Bob Corrigan  
Chairman  
Manpower Adjustment Committee

Canadian Manufacturers' Association

Mr. Dave Williams  
 Manager of Industrial Relations  
 Stelco

Mr. Al Shantz  
 Director of Contract Administration  
 General Motors Canada

Mr. John Keenan  
 Director of Industrial Relations  
 Noranda

Ontario Chamber of Commerce

Mr. John Sanderson  
 President

Mr. Bob Yeoman  
 Chairman  
 Natural Resources Committee

Canadian Organization of Small Business

Mr. Geoff Hale  
 Vice-President and General Manager

United Electrical Workers Union, Local 544

Ms Sheelagh MacDonald  
 President

Mr. Norm Lonsdale  
 Steward

Ontario Federation of labour

Mr. Gord Wilson  
 President

Mr. Sean O'Flynn  
 Secretary-Treasurer

Mr. John Eleen  
 Director of Research

Ms Julie Griffin  
 Executive Vice-President

Mr. Brian Shell  
 Legal Department  
 USWA



Worker Ownership Development Foundation

Mr. Brian Iler  
President



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